

# Notes to the statement of financial position

## 19 Intangible assets

All figures in €'000	Goodwill	Software (created internally)	Software (purchased)	Advance payments and developments in progress	Other intangible assets	Total
<b>Acquisition costs</b>						
As of Jan. 1, 2015	90,616	16,098	76,291	25,252	46,795	255,051
Changes to the scope of consolidation*	5,663	–	5,984	1	12,215	23,863
Additions	–	382	434	7,118	–	7,934
Disposals	–	–	-2	–	–	-2
Transfers	–	2	8,523	-8,525	–	0
As of Dec. 31, 2015	96,278	16,482	91,231	23,846	59,010	286,846
Changes to the scope of consolidation*	-1,314	-1,770	-312	–	-1,154	-4,549
Additions	–	273	2,453	11,027	1	13,754
Disposals	–	-1,948	-9,950	-12,292	-9	-24,200
Transfers	–	–	22,089	-22,089	–	0
As of Dec. 31, 2016	94,964	13,037	105,510	492	57,848	271,851
<b>Depreciation and impairments</b>						
As of Jan. 1, 2015	3	9,676	73,160	–	16,030	98,869
Changes to the scope of consolidation*	–	–	5,294	–	–	5,294
Depreciation	–	1,822	2,596	–	2,180	6,598
Impairments	–	–	–	1,584	–	1,584
Disposals	–	–	-2	–	–	-2
As of Dec. 31, 2015	3	11,498	81,048	1,584	18,211	112,343
Changes to the scope of consolidation*	–	-1,556	-312	–	-1,154	-3,022
Depreciation	–	1,744	3,413	–	2,344	7,500
Impairments	–	–	–	10,399	–	10,399
Disposals	–	-1,948	-9,847	-11,983	-9	-23,788
As of Dec. 31, 2016	3	9,737	74,301	0	19,392	103,432
Carrying amount Jan. 1, 2015	90,613	6,422	3,131	25,252	30,764	156,182
Carrying amount Dec. 31, 2015	96,276	4,984	10,183	22,262	40,799	174,504
Carrying amount Jan. 1, 2016	96,276	4,984	10,183	22,262	40,799	174,504
Carrying amount Dec. 31, 2016	94,962	3,300	31,209	492	38,456	168,419

\* The change to the scope of consolidation in the financial year concerns the sale of FERi EuroRating Services. The outgoing carrying amount for intangible assets is € 1,528 thsd. In the previous year, the scope of consolidation changed as a result of the acquisition of the DOMCURA Group.

Intangible assets comprise definite-lived and indefinite-lived assets. Depreciation/amortisation and impairment on intangible assets are presented in → [Note 13](#).

### Useful lives of intangible assets

	Useful life as of Dec. 31, 2016	Useful life as of Dec. 31, 2015
Acquired software / licenses	3-7 years	3-7 years
Software created internally	3-5 years	3-5 years
Acquired trademark rights	10 years	10-15 years
Client relations / contract inventories	10-25 years	10-25 years
Goodwill / brand names	undefinable	undefinable

The **goodwill** originating from company acquisitions was allocated by MLP at the level of the cash-generating units. The disclosures take into account the sale of FERI EuroRating Services, which was completed within the FERI business segment in the financial year. You can find information on this in → [Note 4](#). The reportable Financial Services business segment contains the following groups of cash-generating units: (1) Financial Services, (2) Occupational Pension Provision, (3) ZSH. The reportable FERI business segment includes the cash-generating unit FERI Assetmanagement. The reportable DOMCURA business segment contains one DOMCURA cash-generating unit. Cash-generating units were allocated the following goodwill values arising from business combinations:

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
Financial services	22,042	22,042
Occupational pension provision	9,955	9,955
ZSH	4,072	4,072
<b>Financial services</b>	<b>36,069</b>	<b>36,069</b>
FERI Asset Management	53,230	53,230
FERI EuroRating Services	–	1,314
<b>FERI</b>	<b>53,230</b>	<b>54,544</b>
DOMCURA	5,663	5,663
DOMCURA	5,663	5,663
<b>Total</b>	<b>94,962</b>	<b>96,276</b>

As was already the case in the previous year, there was no need for an impairment of capitalised goodwill in the financial year 2016. The significant assumptions presented in the following were based on the impairment test performed.

## Reportable Financial Services business segment

<b>Financial services</b>		
<b>Weighted average (in %)</b>	<b>2016</b>	<b>2015</b>
Discount rate (before tax)	10.6	10.6
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	76.3	0.5
<b>Occupational pension provision</b>		
<b>Weighted average (in %)</b>	<b>2016</b>	<b>2015</b>
Discount rate (before tax)	10.2	9.3
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	29.0	30.0
<b>ZSH</b>		
<b>Weighted average (in %)</b>	<b>2016</b>	<b>2015</b>
Discount rate (before tax)	10.1	9.5
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	–*	18.5

## Reportable FERI business segment

<b>FERI Assetmanagement</b>		
<b>Weighted average (in %)</b>	<b>2016</b>	<b>2015</b>
Discount rate (before tax)	14.7	13.6
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	8.1	0.0
<b>FERI EuroRating Services</b>		
<b>Weighted average (in %)</b>	<b>2016</b>	<b>2015</b>
Discount rate (before tax)	–	10.0
Growth rate of the terminal value	–	1.0
Planned EBT growth rate (relative average EBT increase per year)	–	–*

## Reportable DOMCURA business segment

DOMCURA		
<b>Weighted average (in %)</b>	<b>2016</b>	<b>2015</b>
Discount rate (before tax)	10.4	9.5
Growth rate of the terminal value	1.0	1.0
Planned EBT growth rate (relative average EBT increase per year)	7.9	4.7

\* Growth rates cannot be arithmetically determined due to a negative starting basis.

Within the scope of its impairment testing MLP carried out sensitivity analyses. These analyses examine the effects of an increase of discount interest rates by half a percentage point and the effects of a reduction of the forecast EBT growth by 12% (previous year: 15%). In the asset management cash-generating unit, the reduction in planned EBT growth caused the carrying amount to exceed the recoverable amount by € 4.1 million (previous year: € 9.4 million). However, since the cash-generating unit has in the past been able to confirm the planned EBT growth rates, the Executive Board considers this scenario unlikely. The table below shows the percentage by which the planned EBT growth rate would need to change for the estimated recoverable amount to equal the carrying amount:

### Change required for the recoverable amount to equal the carrying amount

	2016	2015
Change required for the recoverable amount to equal the carrying amount		
Planned EBT growth rate (relative average EBT increase per year)	-9.0%	-7.3%

The items **“Software (in-house), software (purchased), and advance payments and developments in progress”** contain own work in the context of the development and implementation of software. In the financial year 2016, own services with a value of € 876 thsd were capitalised (previous year: € 1,322 thsd). All development and implementation costs incurred complied in full with the criteria for capitalisation pursuant to IAS 38 “Intangible assets”. In the financial year 2016 the existing software landscape was consolidated and streamlined.

The item **“Other intangible assets”** contains acquired trademark rights, client relationships/contract inventories with a defined term, as well as indefinite-lived brand names acquired within the scope of company acquisitions. In view of the recognition of these brands, at present no definite end of their useful lives can be specified.

The “FERI” brand is fully attributed to the cash-generating unit of the “FERI” reportable business segment:

All figures in €'000	2016	2015
FERI Asset Management	15,829	15,138
FERI EuroRating Services	–	691
<b>FERI</b>	<b>15,829</b>	<b>15,829</b>

The “DOMCURA” brand is fully attributed to the cash-generating unit of the “DOMCURA” reportable business segment:

DOMCURA	2016	2015
<b>DOMCURA</b>	<b>7,023</b>	<b>7,023*</b>

\*Previous year's figures adjusted.

There are no restraints on disposal or pledges with regard to intangible assets. As of December 31, 2016 contractual obligations for the purchase of intangible assets have a net total of € 69 thsd (previous year: € 512 thsd).

## 20 Property, plant and equipment

All figures in €'000	Land, leasehold rights and buildings	Other fixtures, fittings and office equipment	Payments on account and assets under construction	Total
<b>Acquisition costs</b>				
As of Jan. 1, 2015	79,750	64,748	1,468	145,965
Changes to the scope of consolidation*	350	3,349	–	3,698
Additions	720	3,092	1,031	4,842
Disposals	-2,411	-6,957	–	-9,368
Transfers	998	1,359	-2,357	0
As of Dec. 31, 2015	79,406	65,590	141	145,138
Changes to the scope of consolidation*	–	-21	–	-21
Additions	469	2,964	1,164	4,597
Disposals	-1,540	-9,518	-569	-11,627
Transfers	254	91	-345	0
As of Dec. 31, 2016	78,590	59,105	392	138,087
<b>Depreciation</b>				
As of Jan. 1, 2015	27,964	51,964	–	79,928
Changes to the scope of consolidation*	206	2,356	–	2,562
Depreciation	1,991	3,718	–	5,710
Disposals	-2,065	-6,742	–	-8,807
As of Dec. 31, 2015	28,097	51,296	–	79,393
Changes to the scope of consolidation*	–	-23	–	-23
Depreciation	1,986	4,041	–	6,027
Impairments	–	36	–	36
Disposals	-1,514	-9,197	–	-10,711
As of Dec. 31, 2016	28,569	46,153	–	74,722
Carrying amount Jan. 1, 2015	51,786	12,784	1,468	66,037
Carrying amount Dec. 31, 2015	51,309	14,295	141	65,745
Carrying amount Jan. 1, 2016	51,309	14,295	141	65,745
Carrying amount Dec. 31, 2016	50,021	12,952	392	63,365

\*The change to the scope of consolidation in the financial year concerns the sale of FER EuroRating Services, as well as other minor mergers. The property, plant and equipment included in the sale has been fully amortized. In the previous year, the scope of consolidation changed as a result of the acquisition of the DOMCURA Group.

## Useful lives of property, plant and equipment

	Useful life/residual value Dec. 31, 2016	Useful life/residual value Dec. 31, 2015
Administration buildings	33 years to residual value (30% of original cost)	33 years to residual value (30% of original cost)
Land improvements	15-25 years	15-25 years
Leasehold improvements	10 years or duration or the respective tenancy agreement	10 years or duration or the respective tenancy agreement
Furniture and fittings	8-25 years	8-25 years
IT hardware, IT cabling	3-13 years	3-13 years
Office equipment, office machines	3-23 years	3-23 years
Cars	2-6 years	2-6 years
Works of art	15 -20 years	13-20 years

Depreciation/amortisation and impairment of property, plant and equipment are disclosed in → [Note 13](#).

There are no restraints or pledges with regard to property, plant and equipment. Contractual obligations for the purchase of property, plant and equipment amount to € 50 thsd net as of December 31, 2016 (previous year: € 86 thsd).

## 21 Non-current assets held for sale

The office and administration building in Heidelberg was sold in the financial year 2016. As of December 31, 2015, the property was classified as a long-term asset held for sale. The carrying amount as of December 31, 2015 was € 6,040 thsd.

The sale price was € 6,200 thsd. Selling costs of € 209 thsd were incurred in connection with the sale. Minus selling costs, this results in a loss on disposal of € 49 thsd, which is recognised under sundry other operating expenses in the Holding segment.

## 22 Receivables from clients in the banking business

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
Originated loan	338,859	276,782
Corporate bond debts	172,000	145,500
Receivables from credit cards	87,771	95,475
Receivables from current accounts	35,602	33,651
Receivables from wealth management	370	189
<b>Total, gross</b>	<b>634,603</b>	<b>551,596</b>
Impairment	-8,124	-8,900
<b>Total, net</b>	<b>626,479</b>	<b>542,696</b>

As of December 31, 2016, receivables (net) with a term of more than one year remaining to maturity are € 457,320 thsd (previous year: € 370,031 thsd).

All figures in €'000	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span		
				< 90 days	90-180 days	> 180 days
Receivables from clients (gross) as per Dec. 31, 2016	634,603	634,603	628,039	1,499	280	486
Receivables from clients (gross) as per Dec. 31, 2015	551,596	551,596	546,698	1,315	248	513

At Receivables of € 2,266 thsd (previous year: € 2,076 thsd) for which no specific allowance has been made but which are overdue as of December 31, 2016 are secured with customary banking collaterals.

Receivables from clients due to originated loans are partly secured by mortgages (December 31, 2016: € 94,018 thsd; previous year: € 77,570 thsd), assignments (December 31, 2016: € 46,466 thsd; previous year: € 37,919 thsd) or liens (December 31, 2016: € 20,280 thsd, previous year: € 14,824 thsd).

Receivables from current accounts and credit cards are generally not collateralised. With regard to receivables from the banking business which are neither impaired nor overdue, there were no signs at the closing date that debtors will not meet their payment obligations.

As in the previous year, there were no receivables from banking business on the closing date for which new terms were agreed and which would otherwise have been overdue or impaired.

The Group holds forwarded loans of € 36,694 thsd (previous year: € 22,045 thsd) in the form of collateral for liabilities due to refinancing banks.

Due to defaults of debtors, financial and non-financial assets of € 99 thsd (previous year: € 718 thsd), serving as collateral for originated loans and receivables, were utilised. The assets mainly concern property and receivables from claimed life insurance policies.

The loan loss provisions in the lending business cover all identifiable credit risks. Impairment losses are formed on a portfolio basis for the deferred loans risk. Risks are provided for by loan loss provisions carried under assets, and by the recognition of provisions for credit risks (see → [Note 28](#)).



The disclosed loan loss provisions due to receivables from clients in the banking business developed as follows:

All figures in €'000	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2016	2015	2016	2015	2016	2015
As of Jan. 1	2,347	3,006	6,553	7,664	8,900	10,670
Allocation	933	34	352	35	1,285	69
Utilisation	-116	-215	-1,411	-886	-1,527	-1,101
Reversal	-497	-478	-37	-261	-534	-738
As of Dec. 31	2,667	2,347	5,457	6,553	8,124	8,900
of which allowances for bad debts measured at amortised cost	2,667	2,347	5,457	6,553	8,124	8,900

For reasons of materiality, a decision was taken not to determine the interest income from impaired receivables from clients (unwinding) in accordance with IAS 39.A93 (Unwinding).

Taking into account direct write-downs of € 211 thsd (previous year: € 301 thsd), income from written-off receivables of € 327 thsd (previous year: € 224 thsd), as well as income from the reversal of provisions of € 3 thsd (previous year: € 109 thsd), the total allocations and reversals recognised in income performed in the reporting year resulted in a net loan loss provision of € 633 thsd (previous year: net loan loss provision of € 702 thsd).

Receivables for which specific allowances have been made amount in total to € 4,299 thsd (previous year: € 2,822 thsd). For € 1,415 thsd of these (previous year: € 272 thsd), the impairment was less than 50% of the gross receivable, while the remaining volume was written down by more than 50%. The allowance for bad debts comes to € 2,667 thsd (previous year: € 2,347 thsd). This corresponds to a percentage of 62% (previous year 83%).

Accounts receivable for which a specific allowance has been made are secured as per December 31, 2016 with customary banking collaterals amounting to € 1,357 thsd (previous year: € 241 thsd).

Further information on receivables from clients in the banking business is disclosed in → [Note 35](#).

## 23 Receivables from banks in the banking business

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
Due on demand	203,569	227,961
Other receivables	387,403	317,324
<b>Domestic financial institutions</b>	<b>590,972</b>	<b>545,285</b>
Due on demand	–	–
Other receivables	–	55,054
<b>Foreign financial institutions</b>	<b>–</b>	<b>55,054</b>
<b>Total</b>	<b>590,972</b>	<b>600,339</b>

As of December 31, 2016, receivables with a term of more than one year remaining to maturity are € 59,000 thsd (previous year: € 22,000 thsd). The receivables are not collateralised. At the closing date there are no receivables from banks which are overdue or impaired.

Further information on receivables from financial institutions in the banking business is disclosed in → [Note 35](#).

## 24 Financial assets

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
By public-sector issuers	17,521	17,536
By other issuers	66,537	65,295
<b>Debenture and other fixed income securities</b>	<b>84,058</b>	<b>82,831</b>
Shares and certificates	3,565	3,476
Investment fund shares	3,526	3,456
Shares and other variable yield securities	7,091	6,932
Fixed and time deposits	55,102	52,120
Loans	10,000	56
Investments in non-consolidated subsidiaries	6,035	5,978
<b>Total</b>	<b>162,286</b>	<b>147,916</b>

As of December 31, 2016, MLP has portfolios amounting to € 49,530 thsd (previous year: € 61,232 thsd) that are due in more than twelve months.

As per the measurement categories for financial instruments defined in IAS 39, the financial investment portfolio is structured as follows:

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
Held-to-maturity investments	68,535	67,204
Available-for-sale financial assets	15,523	15,627
Financial assets at fair value through profit and loss	–	–
<b>Debt and other fixed income securities</b>	<b>84,058</b>	<b>82,831</b>
Available-for-sale financial assets	5,706	5,714
Financial assets at fair value through profit and loss	1,385	1,217
<b>Shares and other variable yield securities</b>	<b>7,091</b>	<b>6,932</b>
<b>Fixed and time deposits (loans and receivables)</b>	<b>55,102</b>	<b>52,120</b>
<b>Loans</b>	<b>10,000</b>	<b>56</b>
Investments in non-consolidated subsidiaries (available-for-sale financial assets)	6,035	5,978
<b>Total</b>	<b>162,286</b>	<b>147,916</b>

Valuation changes of € 477 thsd (previous year: € -143 thsd) were recognised directly in equity for shares and other variable yield securities that are for available for sale, and valuation changes of € -337 thsd (previous year: € -196 thsd) were recognised in the revaluation reserve.

Due to the disposal of financial assets and recording of impairments, € -591 thsd (previous year: € -241 thsd) was withdrawn from the revaluation reserve in the reporting period and recognised under net income for the period.

In the financial year 2016, impairments of € 598 thsd (previous year: € 246 thsd) for available-for-sale financial assets were recognised through profit or loss.

In the reporting period, no losses from valuation changes to financial assets that are rated at fair value through profit and loss were recorded in the net income for the period (previous year: € 104 thsd).

#### Assets pledged as collateral

As at the closing date, the availability of liquidity facilities provided by Deutsche Bundesbank is collateralised by marketable securities of € 23,161 thsd (previous year: € 24,992 thsd) with a face value of € 24,500 thsd (previous year: € 25,000 thsd).

For further disclosures regarding financial assets, please refer to → [Note 35](#).

## 25 Other receivables and assets

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
Trade accounts receivable	69,145	65,007
Refund receivables from recourse claims	16,991	15,877
Receivables from commercial agents	11,850	14,629
Receivables from underwriting business	14,188	6,256
Advance payments	5,362	5,802
Purchase price receivables	330	330
Other assets	11,353	11,902
<b>Total, gross</b>	<b>129,217</b>	<b>119,803</b>
Impairment	-6,441	-7,272
<b>Total, net</b>	<b>122,776</b>	<b>112,531</b>

As of December 31, 2016, receivables (net) with a term of more than one year remaining to maturity are € 13,332 thsd (previous year: € 13,216 thsd).

The main items included in trade accounts receivable are commission receivables from insurance companies. They are generally non-interest-bearing and have an average term of payment of 30 days.

Refund receivables from recourse claims are due to MLP consultants and office managers, as well as insurance companies.

Receivables from sales representatives concern MLP consultants and branch office managers.

Receivables from the underwriting business comprise unpaid receivables due from clients, as well as receivables due from insurance companies for claims settlement.

The item "Advance payments" comprises trail commissions paid to self-employed commercial agents in advance on commissions for unit-linked life insurance policies.

All figures in €'000	Gross value	Of which financial assets	Financial assets, neither impaired nor overdue	Financial assets, not impaired but overdue within the following time span		
				< 90 days	90-180 days	> 180 days
Other receivables and assets as of Dec. 31, 2016	129,217	105,321	97,243	1,513	83	238
Other receivables and assets as of Dec. 31, 2015	119,803	97,459	88,964	1,925	445	1,256

Other receivables and assets are usually not collateralised. With regard to receivables and other assets which are neither impaired nor overdue, there are no signs at the closing date that debtors will not meet their payment obligations. On the closing date there were no receivables and other assets for which new terms were agreed and which would otherwise have been overdue or written down.

The allowances for other receivables and other assets are as follows:

All figures in €'000	Allowances for losses on individual account		Impairment loss on portfolio basis		Total	
	2016	2015	2016	2015	2016	2015
As of Jan. 1	4,658	5,009	2,614	3,035	7,272	8,043
Changes to the scope of consolidation	–	122	–	219	–	341
Allocation	1,261	1,399	106	60	1,367	1,458
Utilisation	-307	-1,003	–	–	-307	-1,003
Reversal	-525	-868	-1,366	-700	-1,891	-1,568
As of Dec. 31	5,087	4,658	1,354	2,614	6,441	7,272

In cases where MLP institutes enforcement or where insolvency proceedings are imminent or have already started, receivables are written down based on empirical values. The same applies to receivables which are disputed and where legal action is pending.

Taking into account direct write-downs of € 1,529 thsd (previous year: € 656 thsd) and income from written-off receivables of € 20 thsd (previous year: € 0 thsd), the total allocations and reversals recognised in income performed in the reporting year resulted in a net loan loss provisions of € 986 thsd (previous year: € 547 thsd).

As of December 31, 2016, receivables for which specific allowances have been made amount to a total of € 6,243 thsd (previous year: € 4,869 thsd). For € 1,148 thsd of these (previous year: € 116 thsd) the allowance for bad debts was less than 50% of the gross receivable, the remaining volume was written down by more than 50%. The impairment loss comes to a total of € 5,087 thsd (previous year: € 4,658 thsd). This corresponds to an average impairment rate of 81% (previous year: 96%).

Additional disclosures on other receivables and assets can be found in → [Note 35](#).

## 26 Cash and cash equivalents

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
Bank deposits	69,900	66,451
Deposits at Deutsche Bundesbank	114,826	10,965
Cash on hand	103	124
<b>Total</b>	<b>184,829</b>	<b>77,540</b>

As was the case in previous years, cash and cash equivalents include deposits at the Deutsche Bundesbank. In the financial year 2016, holding funds with commercial banks were transferred to the Bundesbank. This resulted in an increase in cash and cash equivalents, which can be seen within the scope of cash flow from operating activities.

Changes in cash and cash equivalents during the financial year are shown in the statement of cash flow.

## 27 Shareholders' equity

All figures in €'000	Dec. 31, 2016	Dec. 31, 2015
Share capital	109,335	109,335
Capital reserves	146,727	146,727
Retained earnings		
Statutory reserve	3,117	3,117
Other retained earnings and net profit	135,906	134,330
Revaluation reserve	-11,500	-7,755
<b>Total</b>	<b>383,585</b>	<b>385,753</b>

### Share capital

The share capital of MLP AG comprises 109,334,686 (December 31, 2015: 109,334,686) no-par-value shares.

### **Authorised capital**

Due to partial utilisation and the amendment resolution from July 27, 2015: A resolution passed by the Annual General Meeting on June 5, 2014 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by issuing new ordinary bearer shares on one or more occasions by up to € 20,543,052 in exchange for cash or non-cash contributions up to June 5, 2019.

### **Capital reserves**

The capital reserves include increases/decreases in capital stock in MLP AG from previous years. The capital reserves are subject to the restraints on disposal as per § 150 of the German Stock Corporation Act (AktG).

### **Other retained earnings and net profit**

Other equity comprises retained earnings of the MLP Group.

### **Revaluation reserve**

At € 1,562 thsd (previous year: € 1,390 thsd), the provision includes unrealised gains and losses from the change in fair value of securities available for sale and deferred taxes attributable to this of € -310 thsd (previous year: € -210 thsd). In addition to this, the provision includes losses from the revaluation of defined benefit obligations of € 18,051 thsd (previous year: € 12,665 thsd) and deferred taxes attributable to this of € 5,299 thsd (previous year: € 3,697 thsd).

### **Proposed appropriation of profit**

The Executive Board and Supervisory Board of MLP AG will propose a dividend of € 8,747 thsd (previous year: € 13,120 thsd) for the financial year 2016 at the Annual General Meeting. This corresponds to € 0.08 (previous year: € 0.12) per share.

## **28 Provisions**

### **Pension provisions**

At MLP, executive members of staff have been granted direct pension benefits subject to individual contracts in the form of defined benefit plans which guarantee the beneficiaries the following pension payments:

- Old-age pension upon reaching 60, 62 or 65 years
- Disability pension
- Widow's and widower's pension of 60% of the pension of the original recipient
- Orphan's benefit of 10% of the pension of the original recipient

The benefit obligations are partially financed through reinsurance policies, which essentially fulfil the prerequisites of pension scheme assets.

The defined benefit obligation for retirement income, funded only by means of provisions, amounts to € 19,950 thsd (previous year: € 18,157 thsd). Pension insurance policies are in place for all other pension obligations (defined benefit obligation of € 30,004 thsd; previous year: € 26,339 thsd).

The change in net liability from defined benefit plans is summarized in the following table.

All figures in €'000	Defined benefit obligation		Fair value of pension scheme assets		Net liability from defined benefit plans	
	2016	2015	2016	2015	2016	2015
As of Jan. 1	44,496	46,373	-22,914	-21,200	21,582	25,173
Current service cost	234	308	-	-	234	308
Past service cost	-	237	-	-	-	237
Interest expenses (+)/ income (-)	1,053	917	-564	-436	489	481
<b>Recognised in profit or loss</b>	<b>1,287</b>	<b>1,462</b>	<b>-564</b>	<b>-436</b>	<b>723</b>	<b>1,026</b>
Actuarial gains (-)/ losses (+) from:						
financial assumptions	5,376	-3,288	-	-	5,376	-3,288
experience adjustments	20	935	-	-	20	935
Gains (-)/ losses (+) from pension scheme assets without amounts recognized as interest income	-	-	-9	-137	-9	-137
<b>Gains (-)/ losses (+) from revaluations*</b>	<b>5,396</b>	<b>-2,352</b>	<b>-9</b>	<b>-137</b>	<b>5,387</b>	<b>-2,489</b>
Contributions paid by the employer	-	-	-1,591	-1,418	-1,591	-1,418
Payments made	-1,225	-987	436	277	-789	-710
<b>Other</b>	<b>-1,225</b>	<b>-987</b>	<b>-1,155</b>	<b>-1,141</b>	<b>-2,380</b>	<b>-2,218</b>
<b>As of Dec. 31</b>	<b>49,954</b>	<b>44,496</b>	<b>-24,642</b>	<b>-22,914</b>	<b>25,312</b>	<b>21,582</b>

\*recognised in other comprehensive income

€ 1,090 thsd of the net liabilities recognised in the balance sheet (previous year: € 579 thsd) are attributable to Executive Board members active at the end of the reporting period.

With regard to net pension provisions, payments of € 1,624 thsd are anticipated for 2017 (previous year: € 2,378 thsd). € 779 thsd thereof (previous year: € 792 thsd) is attributable to direct, anticipated company pension payments, while € 845 thsd (previous year: € 1,586 thsd) is attributable to anticipated reinsurance policy premiums.



Actuarial calculations incorporate the following assumptions:

	2016	2015
Assumed interest rate	1.75%	2.40%
Anticipated annual pension adjustment	1.5/2.5%	1.5/2.5%

The assumptions made regarding future mortality are based on published statistics and mortality tables.

As of December 31, 2016, the weighted average term of defined benefit obligations was 18.3 years (previous year: 17.9).

### Sensitivity analysis

If the other assumptions all remained the same, changes to one of the key actuarial assumptions which would have been realistically possible on the closing date would have influenced the defined benefit obligations by the following amounts:

All figures in €'000	Change of parameter	Reduction/ increase of defined obligation
Assumed interest rate	0.5%	-4,215
	-0.5%	4,815
Salary trend	0.5%	-
	-0.5%	-
Pension trend	0.5%	3,800
	-0.5%	-3,420
Mortality	80.0%	1,786

In order to define the sensitivity of mortality, all mortality rates stated in the mortality table were reduced to 80%. By extending life expectancy, this leads to an increase in the scope of defined benefit obligations. Although the analysis does not take into account the full distribution of anticipated cash flow based on the plan, it does provide an approximation of the sensitivity of the assumptions presented.

Alongside defined benefit plans, defined contribution plans are also in place. With these types of plans the company pays premiums to state or private pension insurance institutions in line with legal or contractual regulations or on a voluntary basis. The regular premiums paid for employees are disclosed as personnel expenses. In the financial year 2016 they total € 10,412 thsd (previous year: € 9,672 thsd).

Other provisions are made up as follows:

All figures in €'000	Dec. 31, 2016			Dec. 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
Cancellation risks	11,500	15,701	27,201	11,491	13,064	24,555
Bonus schemes	22,871	–	22,871	25,572	–	25,572
Share-based payments	590	2,473	3,063	1,107	1,628	2,735
Economic loss	2,097	–	2,097	2,388	–	2,388
Claim settlement contributions	2,849	–	2,849	2,108	–	2,108
Litigation risks/ costs	2,041	155	2,196	2,016	198	2,214
Rent	973	538	1,511	325	186	511
Anniversaries	157	338	495	265	228	493
Lending business	170	–	170	173	–	173
Phased retirement	77	–	77	76	72	148
Other	2,283	1,101	3,384	3,325	732	4,057
<b>Total</b>	<b>45,608</b>	<b>20,305</b>	<b>65,913</b>	<b>48,845</b>	<b>16,108</b>	<b>64,953</b>

Other provisions have changed as follows:

All figures in €'000	Jan. 1, 2016	Change in the scope of consolidation	Utilisation	Reversal	Compounding / Discounting	Allocation	Dec. 31, 2016
Cancellation risks	24,555	–	-11,234	–	179	13,700	27,201
Bonus schemes	25,572	–	-25,405	-166	–	22,871	22,871
Share-based payments	2,735	–	-81	-31	-163	604	3,063
Economic loss	2,388	–	-402	-66	–	176	2,097
Claim settlement contributions	2,108	–	-4	-1,051	–	1,796	2,849
Litigation risks/ costs	2,214	–	-130	-538	7	642	2,196
Rent	511	–	-301	-126	16	1,412	1,511
Anniversaries	493	–	-139	-6	-12	159	495
Lending business	173	–	–	-3	–	–	170
Phased retirement	148	–	-74	–	3	–	77
Other	4,057	–	-2,028	-22	-24	1,401	3,384
<b>Total</b>	<b>64,953</b>	<b>–</b>	<b>-39,799</b>	<b>-2,008</b>	<b>6</b>	<b>42,761</b>	<b>65,913</b>

Provisions for bonus schemes are recognised as incentive agreements for self-employed commercial agents.

The provisions for cancellation risks allow for the risk of having to refund earned commissions due to a premature loss of brokered insurance policies.

Provisions for share-based payments are recognised as incentive agreements and as profit-sharing schemes for Executive Board members, employees and self-employed commercial agents.

The provisions for economic loss due to liability risks are offset by claims for reimbursement from liability insurance policies with a value of € 1,826 thsd (previous year: € 2,210 thsd).

The provisions classed as short-term are likely to be utilised within the next financial year. The payments for long-term provisions are likely to be incurred within the next two to five years.

## 29 Liabilities due to banking business

This summary includes the balance sheet items Liabilities due to clients in the banking business and Liabilities due to banks in the banking business.

All figures in €'000	Dec. 31, 2016			Dec. 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to clients	1,261,929	9,140	1,271,070	1,095,969	6,599	1,102,569
Liabilities due to banks	2,232	35,489	37,720	1,744	21,351	23,095
<b>Total</b>	<b>1,264,161</b>	<b>44,629</b>	<b>1,308,790</b>	<b>1,097,713</b>	<b>27,950</b>	<b>1,125,663</b>

The change in liabilities due to banking business from € 1,125,663 thsd to € 1,308,789 thsd is essentially attributable to the increase in short-term client deposits in current accounts.

As of December 31, 2016, liabilities due to clients from savings deposits with an agreed notice period of three months amounted to € 16,004 thsd (previous year: € 15,618 thsd).

The liabilities due to clients or due to other banks do not comprise any large individual items.

Further information on liabilities due to banking business is disclosed in → [Notes 35](#) and → [36](#).

## 30 Other liabilities

All figures in €'000	Dec. 31, 2016			Dec. 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities due to commercial agents	44,784	1,076	45,860	39,390	–	39,390
Liabilities due to underwriting business	22,892	–	22,892	28,409	–	28,409
Trade accounts payable	25,712	–	25,712	20,993	–	20,993
Advance payments received	8,183	–	8,183	8,495	–	8,495
Liabilities due to other taxes	3,703	–	3,703	2,688	–	2,688
Liabilities from social security contributions	174	–	174	154	–	154
Other liabilities	37,630	2,757	40,387	37,116	2,966	40,082
<b>Total</b>	<b>143,078</b>	<b>3,833</b>	<b>146,911</b>	<b>137,245</b>	<b>2,966</b>	<b>140,211</b>

Liabilities due to commercial agents represent unsettled commission claims. Usually they are non-interest-bearing and due on the 15th of the month following the settlement with the insurance company.

Liabilities from the underwriting business include collection liabilities due to insurance companies, open commission claims, as well as liabilities from claims settlement.

The item "Advance payments received" concerns paid-in-advance trail commissions from unit-linked life insurance policies.

Other liabilities comprise commissions withheld from MLP consultants due to cancellations amounting to € 2,757 thsd (previous year: € 3,326 thsd). Commissions withheld are charged with interest. Their term is mainly indefinite. The item also contains liabilities for bonus and profit-sharing payments.

MLP has agreed-upon and non-utilised lines of credit amounting to € 130,671 thsd (previous year: € 58,082 thsd).

Further disclosures on other liabilities can be found in → [Note 35](#) and → [36](#).